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SUBJECT: CHANCELLOR ANGELA "TEFLON" MERKEL TAKES LIMELIGHT
AS FDP WAITS IN THE WINGS

Classified By: MINISTER COUNSELOR FOR POLITICAL AFFAIRS GEORGE GLASS FO
R REASONS 1.4 (B) AND (D)

SUMMARY

¶1. (C) Less than two weeks after her party suffered losses in two state elections, CDU Chancellor Angela Merkel found her fighting spirit before 8,000 party faithful at a September 6 election rally in Duesseldorf launching the "hot phase" of the CDU/CSU electoral campaign. The CDU has been shifting party tactics after its losses in the August 30 elections in Saarland and Thuringia, where the Social Democratic Party (SPD) may now be in a position to form coalitions with the Left Party. Merkel -- to great applause -- focused in on the specter of a so-called red-red government composed of the SPD and The Left Party. She described the SPD as suffering from an "identity crisis," and needing a vacation from political decision-making and time in opposition. Along with the entire CDU leadership and incumbent CDU/CSU Ministers-president, Merkel made her case for a CDU/CSU coalition with the pro-business but socially liberal FDP. She repeated the CDU/CSU's election mantra: "we have the strength" throughout her speech, aiming to convince the German electorate that a strong CDU/CSU is required for Germany to emerge from its worst economic recession in post-war history. CDU views on whether the issue of Germany's role in Afghanistan would become a more prominent campaign theme were mixed.

¶2. (C) With three weeks to go before the parliamentary elections, all signs point to Chancellor Merkel returning to office, although she and her party recognize that they face a difficult campaign. It remains uncertain whether the CDU and the FDP will gain enough support to form a majority coalition. If not, another Grand Coalition (CDU/CSU-SPD) is very likely; other options require a three-party constellation that would force the ill-suited Greens and FDP to work together. But, there seems to be an almost one hundred percent certainty -- given the SPD's chronic slump in the polls and limited coalition options -- that SPD Foreign Minister and Chancellor-candidate Frank Walter Steinmeier will not become Chancellor. End summary.

MERKEL CASTS ASIDE SPD, EMBRACES FDP

¶3. (C) Chancellor Merkel -- to rapturous cries of "Angie, Angie" and a standing ovation -- took to the floor at her party's September 6 rally before some 8,000 supporters affirming that the CDU/CSU "have the best chance to win the parliamentary elections" but also cautioning that "the election's outcome has not yet been decided." On the one hand, she praised her Grand Coalition government's record, noting its success in countering Germany's economic and financial crisis. On the other hand, she called for a new CDU/CSU coalition with the FDP after the upcoming elections-- casting aside the SPD. She asserted that such a coalition would anchor Germany in the "middle" of the political

spectrum and take the country out of its current economic crisis faster. Merkel said: "Our country needs a government that will support growth, security and work for everyone." In a swipe at the SPD (COMMENT: Merkel never mentioned Steinmeier by name. END COMMENT.), she said the party is currently plagued by an "identity crisis," adding that, "The SPD is devoid of any reality and is distraught." She asked, "How can a party that achieved 10, 18, and 24 percent at the recent state elections in Saxony, Thuringia, and Saarland be taken seriously?" Dismissing SPD warnings against a so-called "black-yellow" (CDU/CSU-FDP) coalition, Merkel said that the country should be more worried about the SPD's plans to form coalitions with The Left Party on the state and federal levels. (Note: The SPD has warned that a black-yellow coalition would represent wealthy Germany and business interest at the expense of the middle and lower classes.)

¶4. (U) CDU leaders also tried to cast the CDU at the state level in a positive light after its poor showing in the Saarland and Thuringia state elections on August, causing the Minister President of the latter state to resign. Lower Saxony's CDU Minister President Christian Wulff asserted that the most prosperous and successful "Laender" (states) in Germany are those ruled by the CDU/CSU and FDP. He cited Berlin, governed by SPD Mayor Klaus Wowereit's Berlin (NOTE: in Berlin the SPD rules with The Left Party. END NOTE), as being the worst case. Hesse's Minister President Roland Koch -- to great applause -- noted that he could not understand how the SPD could possibly cooperate on a state or national level with a Left Party that is "anti-American and anti-European." (Note: In Saarland and Thuringia the option

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exists for the SPD to form a governing coalition with the Left Party. END NOTE.)

CSU Truce with FDP?

¶5. (C) CSU Bavarian Minister-President Horst Seehofer threw his party's support behind a CDU/CSU coalition with the FDP, despite his well-publicized doubts about the FDP's real coalition intentions after the parliamentary elections. Even as Seehofer pronounced his support for the FDP in Duesseldorf, however, media reports from Munich confirmed that the CSU had decided to continue attacking the FDP. The CSU has been buffing its economic bona fides by attacking the FDP on its own themes while basking in the reflected glory from popular Economics Minister zu Guttenberg, the new CSU champion. Seehofer has publicly suspected that FDP Chairman Guido Westerwelle -- in an attempt to enter government at all costs -- might support a "traffic light" coalition with the SPD and the Greens, although this political constellation appears unlikely at present. In addition, Bavarian politics trump national politics, especially during a time when the CSU longs for the days when their party alone wielded political power in Munich, rather than as it does today, in a coalition with the FDP. Seehofer is also aware that the CSU needs to be strong and the FDP proportionally more weak for the CSU to win more and better ministerial posts in a CDU/CSU-FDP coalition. He did not use his appearance in Duesseldorf to chide the FDP, to the great delight of those pleading that recent CDU/CSU-FDP bickering had been harmful and counter-productive during the campaign.

AFGHANISTAN - A DOMESTIC CAMPAIGN ISSUE?

¶6. (C) The September 4 air strike against two fuel tankers near Kunduz, Afghanistan hit the press right before the CDU/CSU rally. In light of the German media's frenzy, Poloff asked the CDU's Head of International Relations Klemens Moemkes whether Germany's ISAF commitment might emerge as a potential domestic campaign issue. Moemkes noted that the

SPD could make Afghanistan an issue but this would be very odd given Foreign Minister Steinmeier's support for Germany's military role in ISAF. However, the prospect of Afghanistan becoming a major theme clearly had the CDU'sxxxxx spooked. He told PolOff that it would be very difficult for the Chancellor not to address Germany's role in Afghanistan in the coming weeks. Given the German public's overwhelming support for a withdrawal of German troops from Afghanistan, this was not an issue the Chancellor wanted to address in the run-up to the parliamentary elections.

COMMENT

¶7. (C) While it is all but certain that Chancellor Merkel will return to office as Chancellor after the next parliamentary elections on September 27, it is too close to call whether she will achieve a coalition with the FDP. Bavarian MP Seehofer's attacks on the FDP in Bavaria could weaken that party there and further undermine the chances of a coalition. The FDP wants the same but political bickering over future ministerial positions and CSU attacks on the FDP in Bavaria and on FDP Chairman Guido Westerwelle suggest that a possible CDU/CSU-FDP coalition will not be a marriage made in heaven. Some FDP contacts admit that they harbor doubts about the Chancellor's promise to form a coalition with the FDP. They insinuate that in reality she may prefer another Grand Coalition with the SPD, although Chancellor Merkel has used every public opportunity to advertise for a CDU/CSU-FDP coalition. Backing down on this pledge would call into question her reputation.

¶8. (C) Paradoxically, however, it is the CDU/CSU's relative weakness in the polls (35-36 percent) that threatens a possible CDU/CSU-FDP coalition. The FDP is clearly riding on a high with double-digit successes in the state elections of Saarland, Saxony, and Thuringia, but this may not be enough. The CDU refuses to engage in any self-introspection after its defeats in Saarland and Thuringia and the party can really only take comfort from the SPD's perennial weakness. The fear in the CDU is acute that the Chancellor's high popularity ratings may not be enough to ensure a comfortable win for the CDU/CSU at the parliamentary elections.

¶9. (C) Merkel, once again, vehemently denies any intention to form a Grand Coalition with the SPD but the electoral math on September 27 may force her -- despite intense CDU/CSU reservations, not to mention those of the German public -- to look at the SPD as a partner. As for the SPD, Steinmeier is

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looking desperate. The SPD has failed to reach over 25 percent in the last six elections and Steinmeier's unlikely path to the chancellorship is only possible if he reneges on a campaign promise not to form a coalition with The Left Party. This will not happen in 2009 but the CDU/CSU will not tire of raising the fear of a red-red coalition in 2009 or in ¶2013. The Chancellor appears to be in a win-win situation but three weeks on the campaign trail can be an eternity.
End comment.

Murphy